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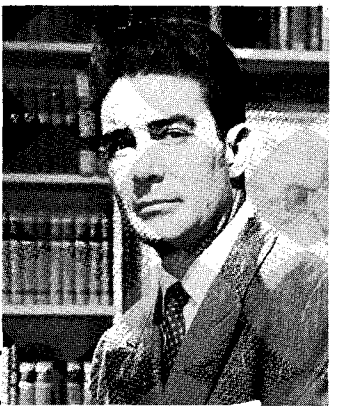

DAN SMOOT

THE WELFARE RACKET

In the July 15, 1962, issue of *Concern*, Mr. Roger Burgess had an article entitled "Government Action In Social Welfare." *Concern* is a magazine published by the General Board of Christian Social Concerns of the Methodist Church. Roger Burgess is Associate General Secretary of Temperance and General Welfare of the Methodist Church. Here is a passage from the article:

"In 1961 a rash of articles on the 'welfare scandal' began appearing in the nation's press, highlighted by the case of Newburgh, N. Y., and its city manager, Joseph Mitchell. They rode the tide of a nationwide uncertainty on economic and international fronts, and the resurgence of the conservative movement. Also, they sold newspapers.

"In Newburgh, Mitchell's proposals for saving welfare funds included the following:

"1) All cash payment shall be issued in voucher form henceforth.

"2) All able-bodied adult males on relief are to be assigned for work.

"3) All recipients who are offered a job but refuse it, regardless of the type of employment involved, are to be denied relief.

"4) All mothers of illegitimate children should they have any more children out of wedlock, shall be denied relief.

"5) All applicants for relief who have left a job voluntarily shall be denied relief.

"6) The allotment for any one family unit shall not exceed the takehome pay of the lowest-paid city employee with a family of comparable size.

"7) All recipients are to report to the Department of Public Welfare monthly.

"Taken at face value, some of these requirements seem reasonable. But as crippled and sick persons begin to line up at the Welfare Department and as the facts behind the welfare

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cases come to view, the rules were judged harsh, cruel, and unjustified.

"For example, the NBC television 'White Paper' and the responsible press soon revealed that in all Newburgh Mitchell had been able to turn up only one man who was able bodied and still receiving welfare checks. And he had five children, one eye and a wife in the hospital. The New York courts have since invalidated the Mitchell program."

This Roger Burgess article in *Concern* is one of many recent commentaries which have prompted requests that I review the facts and implications of the Newburgh case.

The facts are simple. The implications are sinister. As the City Manager of Newburgh himself puts it:

"The Newburg story contains nearly all of the factors involved in a nation's frustration."

Facts of The Newburgh Case

On November 28, 1960, Joseph McDowell Mitchell, City Manager of Newburgh, New York, appointed a three-man committee to study welfare operations in the city. The committee began its study on December 5, 1960, concluded it on February 28, 1961, and, on May 8, 1961, submitted a comprehensive and carefully prepared report to the City Manager.

Here, in the words of City Manager Mitchell, is a summary of the committee's findings:

"Newburgh's findings revealed a large part of what is wrong with public welfare today, and why the people of the nation are aroused.

"We encountered politics in welfare — the use of welfare policies to cater to voting blocks.

"We witnessed a state board interfering in local affairs in contradiction to home rule. We found that the grant-in-aid system had become the tool of federal and state control over localities; that locally elected officials could not decide their own welfare affairs.

"We were shocked to learn the philosophies of welfare leaders, which is the notion that man is not responsible for his acts.

"We found that welfare could be used to subsidize strikes.

"We found that the welfare people are in effect subsidizing sin and irresponsibility.

"We discovered social parasites breeding illegitimate children at taxpayers' expense: the Aid to Dependent Children caseload increased 500% in 10 years; and this caseload increase was accompanied by a quadrupling of the illegitimacy rate.

"We found that moral chiselers and malingerers could squat on the relief rolls forever.

"We found freeloaders making more on relief than when working.

"We saw reliefers loafing by federal and state edict.

"We found that people could quit jobs at will and go on relief like spoiled children.

"We found a cloak of secrecy attached to welfare rolls in the guise of dignity.

"We saw citizens migrating with the foreknowledge that welfare would back up their mistakes.

"We found welfare officials handing out public funds as if there were no limit, and according to their own philosophies.

"We had evidence of welfare officials issuing cash to ne'er-do-wells, to be spent in bars and on luxuries.

"We discovered that the welfare program could exceed its authorized budget.

"We found that the welfare program was *contributing* to the rise of slums, the rise of illegitimacy, the rise of social diseases among children and adults; to the losses of assessed valuation; to the wreakage of business and residential neighborhoods; to over-crowding; to fires and fire hazards; to sanitation hazards; to school problems; to emptying cities of responsible, taxpaying citizens and subsidizing their replacement with those who create crime and violence and slum conditions.

"We found that 95% of the citizens were spending one-third of the city's total outlay (1 million dollars out of three million) to support 5% of the population (1382 persons), and that this 5% did not include those inde-

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pendently retired, on social security, unemployment benefits, and so on.

"We found that while the taxpayers were devoting one-third of their taxes to public welfare, the City had at the same time lost control over welfare policy.

"Since eight million, eight hundred thousand dollars ($8,800,000) had been spent on welfare in the city in the past 11 years, and since during that time the problems (of crime, violence, fires and fire hazards, sanitation, disease, illegitimacy, housing, schools, hospitals) had *increased* — we felt that corrective action in welfare policy was imperative."

The corrective action which the City Council of Newburgh adopted (with the City Manager's approval) was to order thirteen procedural changes in the administration of welfare in the city. Here is the full text of the thirteen changes:

1. All cash payments which can be converted to food, clothing and rent vouchers and the like without basic harm to the intent of the aid shall be issued in voucher form henceforth.

2. All able-bodied adult males on relief of any kind who are capable of working are to be assigned to the Chief of Building Maintenance for work assignment on a 40-hour week.

3. All recipients physically capable of and available for private employment who are offered a job but refuse it, regardless of the type of employment involved, are to be denied relief.

4. All mothers of illegitimate children are to be advised that should they have any more children out of wedlock, they shall be denied relief.

5. All applicants for relief who have left a job voluntarily, i.e., who have not been fired or laid-off, shall be denied relief.

6. The allotment for any one family unit shall not exceed the take-home pay of the lowest paid city employee with a family of comparable size. Also, no relief shall be granted to any family whose income is in excess of the latter figure.

7. All files of all Aid to Dependent Children cases are to be brought to the office of the Corporation Counsel for review monthly. All new cases of any kind will be referred to the Corporation Counsel prior to certification of payment.

8. All applicants for relief who are new to the city must show evidence that their plans in coming to the city involved a concrete offer of employment, similar to that required of foreign immigrants. All such persons shall be limited to two weeks relief. Those who cannot show evidence shall be limited to one week of relief.

9. Aid to persons except the aged, blind and disabled shall be limited to three months in any one year — this is a feature similar to the present policies in unemployment benefits.

10. All recipients who are not disabled, blind or otherwise incapacitated, shall report to the Dept. of Public Welfare monthly for a conference regarding the status of their case.

11. Once the budget for the fiscal year is approved by the Council, it shall not be exceeded by the Welfare Dept. unless approved by Council by supplemental appropriation.

12. There shall be a monthly expenditure limit on all categories of Welfare aid. This monthly expenditure limit shall be established by the Dept. of Public Welfare at the time of presenting the budget, and shall take into account seasonal variations.

13. Prior to certifying or continuing any more Aid to Dependent Children cases, a determination shall be made as to home environment. If the home environment is not satisfactory, the children in that home shall be placed in foster care in lieu of Welfare aid to the family adults.

"Liberals" throughout the nation erupted with violent, insensate, and dishonest condemnation of the Newburgh city fathers, calling them "inhuman," "cruel," "brutal." *The New York Times* accused the Newburgh government of returning to "the dark ages," of inflicting "cruel and inhuman punishment for the crime of being poor."[1]

Abraham Ribicoff (then Secretary of the Department of Health, Education and Welfare), ignoring (or ignorant of) the fact that the thirteen procedural changes in administering welfare in Newburgh were based on a care-

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ful, statistical, documented three-months' study, called the thirteen changes "heartless," and said they were adopted "by men who did not bother to learn the facts before they acted."

The Newburgh study revealed that the welfare problem in Newburgh had increased during the past 10 years in direct relation to the increase in negro population there; and that negroes, who constituted 16.6% of the total Newburgh population in 1960, were getting 63% of the Aid for Dependent Children.

Consequently, the National Association for the Advancement of Colored People and the Urban League denounced the Newburgh plan as being "anti-negro."

The National Broadcasting Company gave Chet Huntley the job of preparing a White Paper on the Newburgh case. The NBC crews ingratiated themselves on the city fathers by pretending that they were there to prepare a genuinely objective "documentary." They took thousands of feet of film telling the city government's side of the story. But the Huntley-NBC White Paper which was released for national telecasting on the NBC network was generally condemned by Newburgh newspapers, civic organizations, city government officials, and citizens as a dishonest distortion of the facts.

Newburgh City Manager Mitchell denounced one portion of the NBC White Paper as telling "an absolute lie."

Newburgh City Councilman George F. McKneally said:

"'White Paper No. 9—The Battle of Newburgh'—was the most outrageous thing that ever happened to the City of Newburgh or any other community. And I feel it was the result of deception on the part of the NBC people. . . .

"NBC deceived us deliberately to gain the cooperation of all the City officials and the City Manager in order to get into the City records. . . . for the purpose of destroying the City Manager, of destroying the welfare reform program.

"I strongly suspect . . . that this whole program may turn out to be a vast conspiracy, because of the effect of the Newburgh reform program on the country as a whole. . . .

"This is something that the vested welfare people do not want and are willing to destroy at any cost. . . ."[2]

Nelson Rockefeller, Governor of New York, denounced the City of Newburgh for the welfare reform program; and Raymond W. Houston, Social Welfare Commissioner for the State of New York, officially ordered the City of Newburgh to eliminate the reforms.

On August 1, 1961, Louis J. Lefkowitz, Attorney General for the State of New York, asked the State Supreme Court for an injunction to prohibit enforcement of the reform program in Newburgh. The State Supreme Court granted the request, and, on January 5, 1962, made its injunction against the City of Newburgh permanent.

The Root of The Matter

Joseph McDowell Mitchell and the City Council of Newburgh had lost their fight to bring common sense and decency into the spending of tax money for welfare in their city.

They did, however, accomplish most of their superficial objectives. The Newburgh thirteen-point reform program was intended merely to eliminate some of the worst instances of chronic racketeering by "reliefers"; and the reform program was in operation long enough, before being outlawed, to do that. The welfare situation in Newburgh is not nearly as bad now as it was before the great controversy.

But, as City Manager Mitchell points out, the reform program as adopted dealt only with superficial symptoms and did not strike at the root cause, which is the unconstitutional welfare-state system foisted upon this nation since 1940 — a system which enables appointed

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bureaucrats in Washington to dictate welfare policies to the people and elected officials of every state and community in the nation.

Why did New York State officials react so violently against the sensible and mild-mannered reform program instituted at Newburgh? For one thing, governmental officials involved in welfare distribution will brook no effort to limit and curtail welfare spending, because this strikes at the source of their own jobs and power.

But in addition to this general motive, the New York bureaucracy, in the Newburgh affair, was motivated by a very specific danger: loss of federal welfare funds for the entire State of New York. The federal government requires that *all welfare districts* in a state must comply with the federal rules and procedures, before the state can get any federal funds for welfare. If Newburgh had not been brought into line, the State of New York might have lost 150 million dollars a year of federal grants-in-aid for welfare.

Taxation Without Representation

One startling condition which Mr. Mitchell's investigation revealed in Newburgh, and which his reform program tried to correct, is that welfare officials can spend more tax money than is budgeted for them. This means that appointed welfare bureaucrats can lay a tax on the people, at will, without any legislative enactment or other formality. Welfare officials can spend whatever they claim they must spend in order to comply with the "federal program"; and if they spend more than is in their budget, the city government must somehow raise the money to meet the deficit. The only way for any government to raise money is to take it away from taxpayers.

Evil Feeding Upon Itself

The Newburgh story has also revealed that the evils of unconstitutional governmental programs often manage to grow by feeding on themselves.

The Newburgh case—though outrageously misrepresented to the public by mass media of communications in the hands of "liberals" — did, nonetheless, stir the whole nation to a realization that our welfare programs are doing exactly what Franklin D. Roosevelt said they would do. Roosevelt said:

"Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic — a subtle destroyer of the human spirit."

Having said as much, Franklin D. Roosevelt laid the foundations for the welfare-state programs which are, with frightful speed, sapping the spiritual and moral vitality of the nation, degrading the national spirit until, in this decade, a member of the President's Cabinet can boast that, although the Soviets may be ahead of us in nuclear research, we are ahead of them in welfare![3]

The liberal leaders of America detected the deep and angry reaction of the American public to the conditions revealed by the Newburgh case; and they acted with supreme cleverness to use the Newburgh case itself, not only as a means of placating the public, but of justifying expansion of the very conditions which the Newburgh case had revealed.

As soon as the New York State Supreme Court (January, 1962) granted an injunction against Joseph Mitchell's welfare reform program, many of the people who had violently denounced him, started making friendly overtures, seeking his advice, counseling with him about welfare programs. All of this gave the general impression that welfare officials *are* genuinely interested in needed welfare reforms, when the approach is proper.

There was a distinctly noticeable tone of this "genuine desire" for real reforms in our welfare programs, in the special message which President Kennedy sent to Congress on Feb-

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ruary 1, 1962, asking for expansion and revision of the federal government's activities in the field of welfare.

On the day the message was received in the House, Congressman Wilbur D. Mills (Democrat, Arkansas, Chairman of the House Ways and Means Committee) introduced HR 10032, embodying the President's proposal. Slightly revised, this Bill was reported out of Committee as HR 10606, and was called Public Welfare Amendments Act of 1962.

On March 15, 1962, the U. S. House of Representatives, by a roll-call stand of 319 to 69, passed HR 10606.

On July 17, 1962, the U. S. Senate by voice vote passed the Bill and sent it to conference.

On July 19, 1962, the House, by a roll-call stand of 357 to 34, agreed to the conference report on HR 10606.

On July 26, 1962, the President signed HR 10606 into law.

Since the beginning of the federal government's intervention in state welfare programs (1940), it has participated on a "matching fund" basis. That is, if a state government's welfare programs of specified kinds cost a million dollars (or 100 million, or whatever), the federal government pays half of the total cost.

The new welfare law, however, increases the federal government's participation to *seventy-five percent* of certain types of welfare programs. The Bill authorizes the Secretary of Health, Education, and Welfare to establish minimum standards which state governments must set to qualify for the higher federal payments—and to determine what portion of the state's over-all programs will qualify for the seventy-five percent federal coverage.

From the day Kennedy's 1962 welfare proposals were made, it was apparent that the Administration was moving toward complete federal control of all welfare programs in the nation, reducing state governments to the status of branch offices of the Department of Health, Education, and Welfare. In fact, Abraham Ribicoff, Secretary of HEW, was quoted in the press as saying that, after the Bill was passed, he would cut off federal funds from any state that "gets tough" about complying with federal standards.[4]

The essential disclosure of the Newburgh story was the federal domination of welfare programs, with consequent loss of local control. HR 10606 will, clearly, magnify and intensify that condition. Yet, the general publicity given this Bill, as it traveled through Congress in 1962, meeting little opposition, was that it was a *reform bill,* intended, among other things, to correct conditions revealed in Newburgh and elsewhere!

Even some of our best conservative commentators have praised the Public Welfare Amendments Act of 1962 as a reform bill which grew out of the Newburgh controversy! For example, Alice Widener, in a syndicated column published August 6, 1962, in *The Shreveport Journal,* said:

"Last month, Congress passed the Public Welfare Amendments Act of 1962 (HR 10606), designed to correct grave faults in all our federal welfare programs. . . . Main credit for this much needed reform legislation is owed to a woman reporter, Theo Wilson of New York City, and to a small town city manager, Joseph Mitchell of Newburgh, New York. . . .

"During the last four years, both Theo Wilson and Joseph Mitchell have been publicly denounced as 'cruel and heartless' for having had the crusading zeal and courage to expose in our nation the Welfare Hell created by professional dogooders' good intentions. . . .

"Mitchell, who in 1961 initiated major welfare reforms in Newburgh, New York, and who also is largely responsible for HR 10606. . . . was subjected to public villification such as few men are called on to endure. . . .

"This morning, I interviewed Mr. Mitchell by telephone. . . . I asked about the present attitude of his former opponents.

" 'Most of the very ones with whom we were doing serious battle in 1961,' Mr. Mitchell said, 'are now on friendly terms with us in our community.' Mr. Mitchell said he recently

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took part in a forum discussion with charitable and civic welfare group leaders in New York City who had been extremely hostile to his Newburgh plan. 'We met on most courteous terms,' he reported. 'We had serious and enlightening discussion. Questions from the audience were intelligent and not antagonistic. Several national leaders of racial minority groups were present and much interested'."

Another Mess

Less than one month after the "welfare reform" bill was signed into law, the nation got another brief inkling of the extent and prevalence of the welfare racket.

On August 19, 1962, *The New York Times* (which, one year before, was violently condemning Joseph Mitchell of Newburgh for trying to get petty racketeers off the relief rolls) published a front page article under the headline:

"Welfare Mess In Capital Spurs National Inquiry: Senate Study Finds Many On District's Rolls Ineligible — 18 Million Loss Cited."

Here are lead paragraphs from the aritcle:

"A 'welfare mess' in Washington has prompted the Kennedy Administration to step up efforts to remove ineligibles from the nation's public relief rolls.

"Is there wholesale welfare cheating? Officials of Newburgh, New York, said last year there was, but failed to prove it.

"Now with a multi-million dollar welfare scandal unfolding in the nation's capital, Federal officials have ordered a nationwide examination of local relief rolls.

"It has been estimated by Senator Robert C. Byrd, Democrat of West Virginia, that at least $18,000,000 in relief has been paid to ineligibles in the District of Columbia in the last five years."

What is the probable outcome of this Washington Case? The same as the outcome of the Newburgh Case: President Kennedy will probably ask Congress in 1963 for another "expansion and revision" of the public welfare programs — praising the 1962 Bill but saying it did not go quite far enough! Thus malignancy spreads by feeding on itself.

The Welfare Philosophy

Joseph McDowell Mitchell, City Manager of Newburgh, gets to the heart of the matter when he says:

"I predict ... that any changes in the welfare laws on the national level under the present philosophy will result in more spending, more bureaucracy, and less home rule....

"What *is* the core of philosophy of public welfare? To illustrate what it is, I shall quote to you from the latest pamphlet of the Department of Health, Education and Welfare, called *Unmarried Parents — A Guide to the Development of Services in Public Welfare.* This pamphlet has been distributed nationally to all welfare personnel.... It [recommends] the following policies...

"1. Set up procedures to find new cases

"2. Return adolescent illegitimate mothers to Junior & Senior High Schools

"3. Make welfare assistance easier

"4. Abolish residency requirements nationwide

"5. Set up social welfare lobbies to get new welfare legislation

"6. Provide medical care to illegitimate mothers superior to that afforded mothers who respect society.

"7. Eliminate all roadblocks to certifying new cases

"8. Adulterers are now to be known as 'new partners'

"9. Nowhere is religious theory used or mentioned

"10. The taxpayer's interest in saving money is 'moralistic'

"11. Forcing adulterers to marry is wrong

"12. 'Need' alone shall be the sole qualification for relief

"13. Every citizen has a 'right' to welfare

"14. Conceal out-of-wedlock pregnancies from one or both parents

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"15. Do not require a male adulterer to assist, if he does not want to, or if it will 'disrupt his life'

"16. Use a 'non-judgemental' attitude

"17. Eliminate illegitimate paternity as a criminal offense

"18. Treat each 'client' carefully in order that he or she will recommend others for welfare."

What To Do?

Nowhere in the Constitution is there any inference of any grant of power to the *federal government* to finance (or in any way engage in) welfare programs. On the contrary, specific provisions in the Constitution and Bill of Rights clearly prohibit federal activity in the field of welfare.(4)

Since all *federal* welfare activities violate the intent and provisions of the Constitution, they are illegal and should be abolished. That is the only possible way for us to clean up the welfare mess. Voters who want to do something about this situation should insistently demand that their Representatives and Senators in Washington sponsor legislation *to repeal all existing federal welfare legislation.*

Uncovering scandalous conditions in the welfare programs is comparable to uncovering scandalous conditions in the agricultural programs. It will not do any real good to disclose the welfare racketeering in Washington, D. C., and to remove fraudulent reliefers from the welfare rolls, just as it has not done any real good to expose the Billie Sol Estes scandals — unless the public learns from these exposures that the scandals are inevitable in the system.

When public officials are endowed with unconstitutional power to dispense billions of dollars taken away from taxpayers for programs that are harmful and illegal even if honestly administered — there is bound to be more graft and corruption and cheating than all the investigative agencies in our land could ever uncover.

FOOTNOTES

(1) Editorial *The New York Times,* 6/29/61
(2) *Human Events,* February 17, 1962
(3) "The Newburgh Revolt," an address by Joseph McDowell Mitchell, City Manager of Newburgh
(4) *The Dan Smoot Report,* "Federal Welfare Programs," February 26, 1962

WHO IS DAN SMOOT?

Dan Smoot was born in Missouri. Reared in Texas, he attended SMU in Dallas, taking BA and MA degrees from that university in 1938 and 1940.

In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for the degree of Doctor of Philosophy in the field of American Civilization.

In 1942, he took leave of absence from Harvard in order to join the FBI. At the close of the war, he stayed in the FBI, rather than return to Harvard.

He worked as an FBI Agent in all parts of the nation, handling all kinds of assignments. But for three and a half years, he worked exclusively on communist investigations in the industrial midwest. For two years following that, he was on FBI headquarters staff in Washington, as an Administrative Assistant to J. Edgar Hoover.

After nine and a half years in the FBI, Smoot resigned to help start the Facts Forum movement in Dallas. As the radio and television commentator for Facts Forum, Smoot, for almost four years spoke to a national audience giving both sides of great controversial issues.

In July, 1955, he resigned and started his own independent program, in order to give only one side — the side that uses fundamental American principles as a yardstick for measuring all important issues.

If you believe that Dan Smoot is providing effective tools for those who want to think and talk and write on the side of freedom, you can help immensely by subscribing, and encouraging others to subscribe, to *The Dan Smoot Report.*

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